

AMENDED IN ASSEMBLY JULY 25, 2002

AMENDED IN ASSEMBLY JUNE 27, 2002

AMENDED IN ASSEMBLY JUNE 18, 2002

AMENDED IN SENATE MAY 7, 2002

SENATE BILL

No. 2027

Introduced by Senator Figueroa

February 22, 2002

An act to add *and repeal* Section 1255.4 ~~to~~ of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 2027, as amended, Figueroa. Hospital licensing.

Existing law provides for local health care districts that govern certain health care facilities. Each health care district has specific duties and powers respecting the creation, administration, and maintenance of the ~~districts~~ *district*.

Existing law provides for the licensure and regulation of health facilities, ~~administered~~ *including hospitals*, by the State Department of Health Services.

This bill would, *until January 1, 2006*, prohibit the ~~State Department of Health Services~~ *department* from issuing a license ~~to~~ *for* a new hospital that would provide specified services and general acute care hospital that would be located within a 20-mile radius of particular hospitals owned and operated by the boundaries of a local health care districts ~~unless those new hospitals meet certain criteria~~ *district, as defined for purposes of the bill, unless the applicant agrees that the hospital will meet specified conditions.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

3 ~~(a) Hospitals owned and operated by local health care districts~~
4 ~~provide a unique service to patients in and near the district~~
5 ~~boundaries. These local health care districts were formed by a vote~~
6 ~~of the people, with the people taxing themselves to provide needed~~
7 ~~hospital and other health care services in their community.~~

8 ~~(b) Hospitals owned and operated by local health care districts~~
9 ~~provide many critical health care services to their communities~~
10 ~~that are uncompensated or poorly reimbursed by payers, but are~~
11 ~~provided nonetheless, at a loss, due to the hospital's obligation to~~
12 ~~care for its patients. Foremost among these critical services that~~
13 ~~cause significant financial loss to these hospitals is a full service,~~
14 ~~basic emergency department that accepts all patients, regardless of~~
15 ~~their ability to pay. For many uninsured and underinsured patients,~~
16 ~~an emergency room is their only access to health care in a~~
17 ~~community. Once admitted to the hospital through the emergency~~
18 ~~department, the hospital must incur substantial, uncompensated~~
19 ~~expense to provide inpatient health care services to uninsured and~~
20 ~~underinsured patients until it is safe to discharge those patients.~~

21 ~~(c) The ability of hospitals owned and operated by local health~~
22 ~~care districts to provide emergency medical care and other core~~
23 ~~services is gravely threatened if new hospitals are constructed and~~
24 ~~provide only those services, such as open heart surgery and other~~
25 ~~surgical services or invasive diagnostic and treatment procedures,~~
26 ~~that enjoy high reimbursement rates, while failing to provide~~
27 ~~services, such as full service and basic emergency medical~~
28 ~~services, that have low reimbursement rates and higher volumes~~
29 ~~of patients who cannot afford to pay for their care.~~

30 ~~(d) It is necessary to enact this statute to assure appropriate~~
31 ~~hospitals owned and operated by local health care districts of their~~
32 ~~continued financial stability so that their emergency rooms may~~
33 ~~remain open, and continue to provide basic emergency medical~~
34 ~~services and all core services that significantly benefit their~~
35 ~~communities, regardless of profitability.~~

(a) *Washington Hospital in Fremont, California is a hospital owned and operated by a local health care district. Washington Hospital has provided emergency medical services since the hospital opened in 1958. As a district owned and operated hospital, Washington Hospital provides many services to residents within the district that result in significant financial losses, such as providing emergency medical services to the insured and uninsured.*

(b) *Washington Hospital must subsidize its emergency medical services with revenue obtained from providing services with higher reimbursement rates, such as heart surgery.*

(c) *The ability of Washington Hospital to continue to provide emergency medical services to a significant segment of California's insured and uninsured patients is threatened by the planned creation of a "boutique" hospital that would provide higher reimbursed services, such as open heart surgery, but not offer lower reimbursed services, such as emergency services.*

(d) *If Washington Hospital is unable to continue to provide emergency medical services, patients living in the surrounding community would have to travel great distances to obtain emergency care, threatening not only the lives of those patients, but, in times of disaster, the public's health.*

(e) *It is, therefore, necessary to enact this act to protect public health by ensuring that Washington Hospital can continue to provide basic emergency medical services to injured and ill patients.*

SEC. 2. Section 1255.4 is added to the Health and Safety Code, to read:

1255.4. (a) ~~Except as provided in subdivision (b), the department may not issue a license to a new hospital that would provide surgical services or invasive diagnostic and treatment procedures, including, but not limited to, open heart surgery, and be located within a 20-mile radius of a hospital that is owned and operated by local health care district and that meets~~ *This section shall apply to a local health care district that owns and operates a hospital that meets all of the following conditions:*

(1) *Is currently operating in a health care district in existence since 1948 and that was established by a vote of the people and has been in existence since 1948.*

1 (2) ~~Has Had~~ a licensed bed capacity on ~~and after~~ January 1,
2 2002, equal to or exceeding 300 beds.

3 (3) Has had an open-heart surgery program in continued
4 existence since 1986.

5 (4) Has performed at least 200 open-heart surgeries during the
6 2001 calendar year.

7 (5) Operates a full-service, basic emergency department, and
8 has continuously operated an emergency department since the
9 hospital opened.

10 ~~(b) Subdivision (a) shall not apply to a new hospital if any of~~
11 ~~the following conditions apply:~~

12 ~~(1) The hospital receives a finding from the board of the local~~
13 ~~health care district, following an open meeting of the board, that~~
14 ~~the new hospital would not detrimentally affect the financial~~
15 ~~ability of the hospital owned and operated by the local health care~~
16 ~~district to continue to provide basic emergency medical services~~
17 ~~and all core services to the hospital's patients.~~

18 ~~(2) The new hospital would be located in a portion of another~~
19 ~~county that, when a straight line is drawn to a hospital described~~
20 ~~in subdivision (a), is separated from a hospital described in~~
21 ~~subdivision (a) by the San Francisco Bay.~~

22 ~~(3) The new hospital is owned by a licensee that held a general~~
23 ~~acute care license in the area that is within the 20-mile radius of the~~
24 ~~existing hospital described in subdivision (a), as of June 1, 2002.~~

25 *(b) The department may not issue a license for a new general*
26 *acute care hospital to be located within the boundaries of a local*
27 *health care district to which this section applies unless the*
28 *applicant's hospital agrees to all of the following:*

29 *(1) The hospital will continuously maintain and operate an*
30 *emergency department that is classified as basic or*
31 *comprehensive.*

32 *(2) The hospital will not limit its inpatient hospital services to*
33 *surgical services or invasive diagnostic and treatment procedures,*
34 *including, but not limited to, cardiac services, orthopedics, or*
35 *gastroenterology.*

36 *(c) This section shall remain in effect only until January 1,*
37 *2006, and as of that date is repealed, unless a later enacted statute,*
38 *that is enacted before January 1, 2006, deletes or extends that date.*

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